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1201 PENNSYLVANIA AVENUE NW WASHINGTON, DC
WASHINGTON, DC 20004-2401 NEW YORK
TEL 202.662.6000 LONDON
FAX 202.662.6291 BRUSSELS
WWW.COV.COM SAN FRANCISCO

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OFFICE OF THE
EXECUTIVE SECRETARY

June 1, 2000

VIA FEDERAL EXPRESS

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Pathnet, Inc., Docket No. 00-00117
Response to Information Request

Dear Mr. Waddell:

Submitted herewith, on behalf of Pathnet, Inc. ("Pathnet"), is Pathnet's Response to the Information Request, received by fax April 27, 2000 and Pathnet's Response to the Data Request, received by mail May 18, 2000. Mr. Darrell Whitis of the TRA's Telecommunications Division extended the deadline for both requests, via telephone, on May 19, 2000. We appreciate the TRA's willingness to grant Pathnet additional time in order to adequately respond to both Requests.

Please be advised that Pathnet was recently involved in a financial transaction that modified somewhat its corporate structure. In the transaction, the existing shareholders of Pathnet exchanged their shares of Pathnet's stock for substantially similar shares of stock of Pathnet Telecommunications, Inc. ("Pathnet Telecom"), a Delaware corporation formed on November 1, 1999 to give effect to the transaction and to become the parent company of Pathnet. As a result, Pathnet became a wholly owned subsidiary of Pathnet Telecom. In addition, three investors contributed to Pathnet Telecom rights-of-way with an estimated value of \$187 million to permit Pathnet Telecom and Pathnet to build a telecommunications network along existing railroad and pipeline corridors. In exchange for contributing the rights-of-way, the new investors received an aggregate of 8,511,607 shares of series D convertible preferred stock of Pathnet Telecom.

Address Change Pathnet has recently moved its corporate headquarters. The new address is:

Pathnet, Inc.
11720 Sunrise Valley Drive
Reston, VA 20191

POSTED
6-21-00

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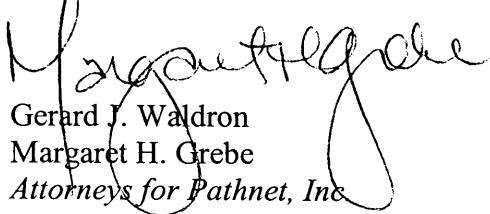
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Mr. David Waddell
June 1, 2000
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Enclosed, please find an additional copy of Pathnet's Responses. Please stamp the additional copy and return it to me in the enclosed stamped, self-addressed envelope as an acknowledgment of receipt.

Please address any further questions to the undersigned or to:

Respectfully submitted,



Gerard J. Waldron
Margaret H. Grebe
Attorneys for Pathnet, Inc

Enclosures

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

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IN THE MATTER OF THE APPLICATION)
OF PATHNET, INC. FOR A CERTIFICATE)
OF CONVENIENCE AND NECESSITY)
TO PROVIDE COMPETING)
LOCAL EXCHANGE AND INTEREXCHANGE)
TELECOMMUNICATIONS SERVICES)
THROUGHOUT THE STATE OF TENNESSEE)

OFFICE OF THE
EXECUTIVE SECRETARY

**APPLICANT'S RESPONSE TO
INFORMATION REQUEST**

Received April 27, 2000

TECHNICAL REQUIREMENTS

1. **Geographic area coverage: Nashville, Memphis, Knoxville, entire state, etc. Specify areas which will be excluded.**

RESPONSE:

Pathnet will initially offer service in Chattanooga, Franklin, Knoxville and Nashville.

2. **Location of switches**

RESPONSE:

Pathnet does not intend to locate any switches in the state of Tennessee.

3. **State if there are any CPE (Customer Provided Equipment) requirements that would not be compatible with an incumbent carrier.**

RESPONSE:

Pathnet does not have any CPE requirements that would be incompatible with an incumbent carrier.

FINANCIAL REQUIREMENTS

1. **Provide projected financial statements (three years) including the following.**
 - (a) **Balance Sheet**
 - (b) **Income Statement**
 - (c) **Statement of Cash Flows**

RESPONSE:

Please see Exhibit A, attached.

2. **Provide Capital Expenditures Budget for three years including the following items:**
 - (a) **Equipment to be deployed**
 - (b) **Cost of equipment**
 - (c) **Sources of funding Tennessee network, equipment, UNEs: Cash, Loan commitments, vendor credits, letters of credit, etc. (complete detail).**

RESPONSE:

As part of its operations and service offerings in the state of Tennessee, Pathnet expects to deploy the latest technology and equipment for customers throughout the state. While Pathnet has yet to make a final determination about equipment to be used in Tennessee, it will use its position in the marketplace to continue to develop a network utilizing fiber optics or high capacity SONET microwave. As of December 31, 1999, Pathnet's network consisted of over 6,300 wireless route miles nationwide; that network is projected to grow to over 20,000 route miles. To this end, Pathnet continues to establish strategic relationships with owners of existing telecommunications infrastructure, thereby reducing its capital costs and time to market. Pathnet recently closed a transaction in which three investors contributed cash and intangible assets to Pathnet in exchange for shares of stock in a newly-formed holding company that now owns all the Pathnet stock. This equity infusion is proof of Pathnet's financial wherewithal to serve the state of Tennessee on a sustained basis. Furthermore, through its relationships with the new investors -- Burlington Northern and Sante Fe Railway Company, CSX Transportation, Inc. and

Colonial Pipeline Company -- Pathnet now has access to a pool of over 12,000 miles of valuable and unique rights of way, 8,000 miles of which will be on an exclusive basis.

3. Please quantify amounts included in financial statements and projects relating to reciprocal compensation for terminating ISP traffic.

RESPONSE:

Because of the uncertainty surrounding reciprocal compensation issues and because of the nature of Pathnet's operations, Pathnet does not include in financial statements and projects any amounts for reciprocal compensation for terminating ISP traffic.

MISCELLANEOUS

1. **Provide an affidavit regarding the notice of filing to all eighteen ILECS which are identified on the TRA website in the telecommunications sections.**

RESPONSE:

This item was waived by Mr. Whitus on April 28, 2000.

2. **Provide pre-filed testimony to substantiate the CLEC's managerial, financial, and technical qualifications and to affirm that all information is true and correct.**

RESPONSE:

Please see Exhibit B, attached.

3. **Tariff should be filed subsequent to applications approval and before commencing services operations.**

RESPONSE:

Pathnet will submit a Tariff upon approval of its application and prior to commencing services operations.

4. **Applicants involvement in pertinent mergers, acquisitions, etc.? Provide a chart showing the applicant's corporate structure.**

RESPONSE:

As explained in the attached letter, Pathnet was recently involved in a transaction and, as a result, its corporate structure was slightly modified. Please see Exhibit C, attached, for a detailed chart.

5. **Are customer deposits required? If so, amount required? Is the applicant bonded for the amount of the deposits?**

RESPONSE:

Pathnet does not require customer deposits.

6. Identify all complaints filed with state and federal regulatory agencies involving your company or affiliated entities. Identify the nature of the complaint, which governmental agency or office received the complaint, and how was the complaint resolved?

RESPONSE:

There are no complaints involving Pathnet presently filed with any state or federal regulatory agency.

EXHIBIT A
PROJECTED FINANCIAL INFORMATION

Pathnet Telecommunications Inc.						
2000 - 2002 Projections						
Projected Statement of Cash Flows (all figures in \$000's)						
		2000		2001		2002
Statement of Cash Flows						
Net Income		(113,487)		(110,720)		(72,730)
Deprecation & Amortization		41,895		61,219		109,300
Interest Expense (Income)		34,741		46,111		67,631
Other		11,946		46,623		53,948
Gross Cash Flow						
		(24,905)		43,233		158,149
Change in Working Capital						
Capital Expenditures		(2,712)		2,969		10,431
		211,165		303,905		419,348
Operating Cash Flow						
		(233,358)		(263,641)		(271,630)
Vendor Financing						
Bank Debt		66,165		125,069		(191,234)
Equity Financing		-		-		372,448
Interest Expense		218,000		150,000		-
		34,741		46,111		67,631
Cash Flow from Financing						
		249,424		228,958		113,583
Change in Cash						
		16,066		(34,683)		(158,047)

Pathnet Telecommunications Inc.							
2000 - 2002 Projections							
Projected Balance Sheet (all figures in \$000's)							
			2000		2001		2002
Balance Sheet Data							
	Cash & Cash Equivalents		192,730		158,048		-
	Accounts Receivable		9,862		21,590		43,925
	Property & Equipment (net)		310,145		515,658		781,208
	Intangible Assets (net)		179,550		170,100		160,650
	Total Assets		692,287		865,396		985,783
	Short Term Liabilities		14,354		23,113		35,017
	Long Term Liabilities		416,165		541,235		722,448
	Capital Stock ⁽¹⁾		449,100		599,100		599,100
	Retained Earnings		(187,332)		(298,052)		(370,782)
	Total Liabilities & Equity		692,287		865,396		985,783
	⁽¹⁾ Includes Paid-in-capital.						

Pathnet Telecommunications Inc.						
2000 - 2002 Projections						
Projected Income Statement (all figures in \$000's)						
		2000		2001		2002
Statement of Operations						
Revenue		68,949		224,608		409,324
Operating Expenses						
Cost of Revenue		62,379		177,134		209,088
SG&A		43,421		50,864		96,035
Deprecation & Amortization		41,895		61,219		109,300
Interest Expense (Income)		34,741		46,111		67,631
Net Income (Loss)		(113,487)		(110,720)		(72,730)

EXHIBIT B
TESTIMONY OF MARY MCDERMOTT

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Mary McDermott. My business address is 11720 Sunrise Valley Drive, Reston, Virginia. 20191.

Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

A. I am employed by Pathnet, Inc. ("Pathnet," "Company," or "Petitioner") as Senior Vice President, General Counsel and Secretary. In these capacities, I am responsible for all daily legal operations of the company, including state and federal regulatory compliance issues and overall responsibility for all official corporate records.

Q. PLEASE BRIEFLY OUTLINE YOUR EDUCATIONAL AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor of Arts degree from West Virginia University and a Juris Doctor degree from the Harvard Law School. I have over 17 years of legal experience in the telecommunications industry. Immediately before joining Pathnet, I served as Senior Vice President and Chief of Staff for Government Relations of the Personal Communications Industry Association. From 1994 to 1998, I was Vice President, Legal and Regulatory Affairs, for the United States Telephone Association. Before working with USTA, I was a general attorney for both NYNEX and New England Telephone.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony is presented in response to a data request in support of the Application of Pathnet, Inc. for Certificate of Convenience and Necessity filed with the Tennessee Regulatory Authority on February 17, 2000 (the "Application"), in which Pathnet requested that it be issued a certificate of necessity and convenience to provide facilities-

based and resale local exchange service and to provide facilities-based and resale intrastate, interexchange service to businesses and other telecommunications carriers throughout the State of Tennessee. I will present evidence of the Company's managerial, financial and technical abilities to provide the service for which the certificate is sought.

Q. ARE YOU FAMILIAR WITH THE FACTS SET FORTH IN THE APPLICATION?

A. Yes. My predecessor, Michael A. Lubin, signed the Petition and authorized it to be filed with the Tennessee Regulatory Authority.

Q. ARE THE FACTS SET FORTH IN THE APPLICATION AND THE EXHIBITS THERETO TRUE AND CORRECT?

A. I have a minor correction to Exhibit C to the Application. I will discuss these changes later in my testimony. With the exception of this one change, the facts set forth in the Application and the Exhibits thereto are, to the best of my knowledge and belief, true and correct.

Q. IS PATHNET AUTHORIZED TO CONDUCT BUSINESS IN THE STATE OF TENNESSEE?

A. Yes. Exhibit B to the Application is a copy of the Company's Certificate of Authority issued by the Tennessee Secretary of State on September 16, 1999.

Q. DOES PATHNET HAVE THE MANAGERIAL AND TECHNICAL ABILITIES NECESSARY TO OFFER THE SERVICES FOR WHICH IT SEEKS CERTIFICATION?

A. Yes. Exhibit C to the Application contains a description of Pathnet's management team and Pathnet's technical resources. I have one correction to Exhibit C. The Exhibit lists Michael A. Lubin as Vice President, General Counsel and Secretary. Mr. Lubin recently

left Pathnet and I replaced him in his capacity as General Counsel and Secretary. Exhibit C to the Application clearly establishes that Pathnet has the managerial and technical abilities necessary to offer the services for which it seeks authorization in this Cause.

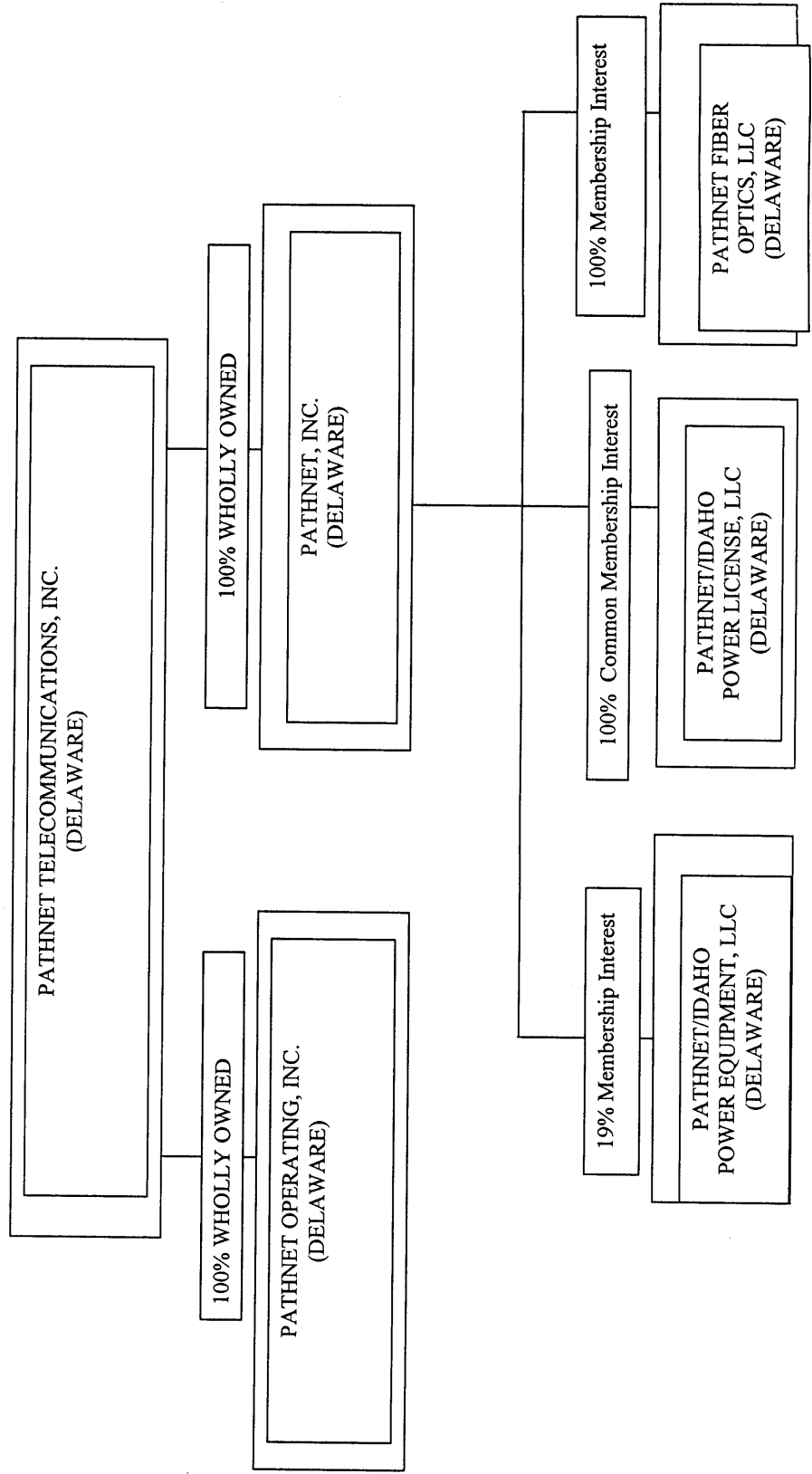
Q. DOES PATHNET HAVE THE FINANCIAL ABILITY TO PROVIDE THE SERVICES FOR WHICH IT SEEKS AUTHORITY?

A. Yes. The Company is financially qualified to render local exchange, exchange access and interexchange services in Tennessee. Through existing credit facilities and equity investments, the Company has access to the capital necessary to fulfill the obligations it may undertake with respect to the provision of local exchange, exchange access and interexchange services in Tennessee. Although the Company has an accumulated deficit, and anticipates continuing deficits until it has completed building its network, it has sufficient capital reserves to cover any and all obligations incurred in providing local exchange and interexchange service in Tennessee. Exhibit D to the Application is a copy of Pathnet's Form 10-K for the year ended December 31, 1998, as filed with the Securities and Exchange Commission, and Exhibit E is a copy of Pathnet's Form 10-Q for the quarterly period ended September 30, 1999, as filed with the Securities and Exchange Commission, both of which contain a copy of Pathnet's most recent audited financial statement.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

EXHIBIT C
CORPORATE STRUCTURE



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CLERK OF THE
EXECUTIVE SECRETARY

BEFORE THE
TENNESSEE REGULATORY AUTHORITY

IN THE MATTER OF THE APPLICATION)
OF PATHNET, INC. FOR A CERTIFICATE)
OF CONVENIENCE AND NECESSITY)
TO PROVIDE COMPETING)
LOCAL EXCHANGE AND INTEREXCHANGE)
TELECOMMUNICATIONS SERVICES)
THROUGHOUT THE STATE OF TENNESSEE)

APPLICANT'S RESPONSE TO
DATA REQUEST

Received May 18, 2000

NUMBERING ISSUES

1. What is your company's expected demand for NXXs per NPA within a year of approval of your application?

RESPONSE:

Within a year of approval, Pathnet will require two NXXs in the 423 NPA for Chattanooga and Johnson City and one NXX for each of the following NPAs: Clarkeville (NPA 931); Jackson (NPA 901); and Nashville (NPA 931).

2. How many NXXs do you estimate that you will request from NANPA when you establish your service footprint?

RESPONSE:

After establishing its footprint, Pathnet will request one NXX per market, for a total of five.

3. When and in what NPA do you expect to establish your service footprint?

RESPONSE:

At present, Pathnet expects to establish its service footprint in the Nashville market (NPA 615) in the year 2001.

4. **Will the company sequentially assign telephone numbers within NXXs?**

RESPONSE:

Yes, to the extent possible to meet customer needs.

5. **What measures does the company intend to take to conserve Tennessee numbering resources?**

RESPONSE:

To the extent possible to meet customer need, Pathnet will limit its sales to numbers in incremental one thousand blocks. All numbers will be assigned sequentially.

6. **When ordering new NXXs for growth, what percentage fill of an existing NXX does the company use to determine when a request for a new NXX will be initiated?**

RESPONSE:

Pathnet uses an eighty percent fill to determine whether a customer request for a new NXX will be initiated.

TENNESSEE SPECIFIC OPERATIONAL ISSUES

1. How does the company intend to comply with TCA §65-21-114? In its description, please explain technically how the company will not bill for countywide calls within Tennessee.
2. Is the company aware of the Tennessee County Wide Calling database maintained by BellSouth and the procedures to enter your telephone numbers on the database?
3. How does your company intend to provide metro area toll-free calling ("MAC") around Memphis, Nashville, Knoxville and Chattanooga?
4. Is the company aware of the MAC database maintained by BellSouth and the procedures to enter your telephone numbers on the database?

RESPONSE:

The preceding items (1-4) were waived by Mr. Whitis in a May 19, 2000 telephone conversation as inapplicable to Pathnet's services.

5. Please provide the name and telephone number of an employee of your company that will be responsible to work with the TRA on resolving customer complaints.

RESPONSE:

Pathnet's contact person for customer complaints is:

William C. Cotta
Vice President, Operations
Pathnet, Inc.
11720 Sunrise Valley Drive
Reston, VA 20191
Tel.: 703/390-1000
877/PATHNOC
Fax: 703/860-8127
Email: wcotta@pathnet.net

6. Does the company intend to telemarket its services in Tennessee? If yes, is the company aware of the telemarketing statutes and regulations found in TCS §65-4-401 *et seq.* And Chapter 1220-4-11?

RESPONSE:

At present, Pathnet does not intend to telemarket its services in Tennessee.

FINANCIAL REQUIREMENTS:

Pathnet is aware that, pursuant to the F. TCA §65-4-125 amendment, it must file with the TRA a corporate surety bond or irrevocable letter of credit in the amount of twenty thousand dollars (\$20,000) by September 1, 2000. Pathnet will comply with this requirement by filing a corporate surety bond before the statutory deadline.